

Message Text

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ACTION AID-59

INFO OCT-01 ADP-00 AF-05 EB-05 IGA-02 INR-10 SS-07 L-03

EUR-06 NEA-05 CIAE-00 ABF-01 /104 W

----- 011243

R 081130 Z MAY 73

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 6524

C O N F I D E N T I A L SECTION 1 OF 2 KHARTOUM 1030

AIDAC

SUBJ: FOREIGN AID TO THE SUDAN: DONOR
CONSULTATION AND GOS PRIORITIES

1. BEGIN SUMMARY: GOS INFORMED OF RECENT ELEMENTS USG ECONOMIC ASSISTANCE. SUDAN AGGRESSIVELY SEEKING FOREIGN AID FROM VARIETY WESTERN, ARAB AND COMMUNIST DONORS. MAJOR NEED DEVELOPING FOR DONOR CONSULTATION AND GOS DETERMINATION DEVELOPMENT PRIORITIES. PROPOSED IBRD CG MEETING IN JULY 1973 WILL PROVIDE OPPORTUNITY DONOR CONSULTATION; IT SHOULD ALSO BE USED STIMULATE GOS TO (A) DETERMINE DEVELOPMENT PRIORITIES AND (B) PREPARE INVENTORY DEVELOPMENT LOANS AND PROJECTS. LITTLE EVIDENCE GOS CURRENTLY INCLINED PURSUE DISCIPLINE OF PRIORITIES. ACTION REQUESTED: USG INFORM IBRD OUR SUPPORT ANY IBRD EFFORTS FOCUS GOS ALONG THOSE LINES. END SUMMARY.

2. USG FY 73 ASSISTANCE: DURING SEPARATE CALLS ON VARIOUS MATTERS WITH MINISTERS FONAFF, PLANNING AND INFO., CHARGE RECENTLY REVIEWED FY 73 USG ECONOMIC ASSISTANCE AND EMPHASIZED USG HAD MADE WHAT WE CONSIDER RESPECTABLE (AND EVEN SOMEWHAT EXCEPTIONAL) EFFORT BE RESPONSIVE GOS NEEDS FOLLOWING JULY 72 RESUMPTION DIPLOMATIC RELATIONS. USG OVERALL EFFORT OF NEARLY \$30 MILLION PARTICULARLY NOTEWORTHY SINCE US FY 73 BUDGETING HAD NOT CONTEMPLATED SUDAN PROGRAM. CHARGE INTIMATED IN SOME CASES USG HAD ONLY BEEN ABLE PROVIDE FUNDS FOR SUDAN BY REALLOCATING FUNDS ORIGINALLY PROGRAMMED ELSEWHERE. THIS WAS MEASURE USG DESIRE ASSIST SUDAN BOTH IN TERMS SOUTHERN
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EMERGENCY AND OVERALL DEVELOPMENT.

3. RECENT USG ACTIONS. AS EMAMPLES US MOMENTUM, CHARGE BROUGHT GOS UP- TO- DATE ON RECENT USG ACTIONS INCLUDING PENDING US EXIM BANK LOAN APPROVAL FOR AIRCRAFT ON " SEMI- CONCESSIONAL" TERMS, FACILITATING PROCEDURES FOR SHIPMENT FY 73 PL 480 WHEAT, RECEIPT AND CONSIDERATION GOS FY 74 WHEAT REQUEST, VISIT AID OFFICIAL TO EXPEDITE US COMPONENT RAHAD PROJECT AND PENDING ASSIGNMENT AID OFFICER (AAO) AS RESIDENT MEMBER EMB STAFF. (ANTICIPATED RESUMPTION USG MILITARY TRAINING AS WELL AS OTHER SECURITY ASSISTANCE ALSO MENTIONED TO FONMIN.)

4. USG FY 74 ASSISTANCE. CHARGE NOTED USG HOPES MOVE IN FY 74 TO MORE REGULARIZED PROGRAM BASED ON MATCHING TO DEGREE FEASIBLE GOS PRIORITY NEEDS WITH LIMITED USG ASSISTANCE RESOURCES. RE LATTER, AMERICAN AID AVAILABILITIES WILL CONTINUE BE IN SHORT SUPPLY, CONGRESSIONAL ATTITUDES WILL REMAIN DIFFICULT AND GLOBAL REQUESTS USG ASSISTANCE WILL CONTINUE HIGH. NEVERTHELESS, CHARGE WAS CONFIDENT US WOULD DO ITS BEST DEVELOP FY 74 AID PROGRAM TO THE SUDAN. ALTHOUGH PREMATURE PREDICT COMPOSITION AND SIZE, IT WAS APPARENT SCOPE AND CONTENT US ASSISTANCE WOULD BE LESS THAN GOS PREFERS OR BELIEVES JUSTIFIED.

5. CONSULTATION AND PRIORITIES. CHARGE OUTLINED HIS PERSONAL VIEW NEED FOR GOS PRIORITIES AND DONOR CONSULTATION BASED ON ASSESSMENT (A) SUDAN' S EXTERNAL ASSISTANCE NEEDS FAR GREATER THAN WILL BE MET FROM POSSIBLE DONORS; (B) MAXIMIZATION GOS INTERESTS BY ESTABLISHING PRIORITIES FAVORING MOST BENEFICIAL DEVELOPMENTAL PROJECTS AND PROGRAMS, AND (D) DETERMINATION GOS PRIORITIES WILL ASSIST DONORS ALLOCATE AID TO THOSE PROJECTS AND PROGRAMS MOST NEEDED, AVOID OVERLAP AND OBVIATE WASTED EFFORT. ALTHOUGH DONOR DUPLICATION AND/ OR ASSISTANCE TO LOW PRIORITY PROJECTS NOT YET A MAJOR PROBLEM FOR GOS OR DONORS, IT HAS BEGUN AND IS BOUND INCREASE AS ASSISTANCE LEVELS AND NUMBERS OF DONORS GROW. UK DECISION TO RESUME ROLE AS MAJOR DONOR TO SUDAN IS CASE IN POINT AS WELL AS INDICATIONS SOME ARAB STATES MAY AUGMENT FUNDS.

6. IBRD CG MEETING. CHARGE NOTED THAT, FORTUNATELY, OPPORTUNITY MAY SHORTLY BE AT HAND FOR GOS AND AT LEAST SOME DONORS ADDRESS THESE PROBLEMS THROUGH PROPOSED JULY MEETING IBRD CONSULTATIVE CONFIDENTIAL

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GROUP (CG). IN VIEW PREVIOUS HIATUS WESTERN ASSISTANCE AND POLITICAL AND ECONOMIC DEVELOPMENTS WHICH HAVE OCCURRED IN SUDAN SINCE 1967, IT SEEMED IMPORTANT FOR NEXT CG MEETING HAVE SOME INVENTORY OF (A) ASSISTANCE CURRENTLY BEING PROVIDED GOS BY ALL DONORS (IN ADDITION THOSE PARTICIPATING CG MEETING), (B) DEVELOPMENT PROJECTS CURRENTLY BEING IMPLEMENTED, AND (C)

PRIORITY PROJECTS PLANNED FOR FUTURE. IF SUCH DATA AND PRIORITIES WERE AVAILABLE, ALL DONORS WOULD BE ABLE APPROACH GOAL OF ASSISTING SUDAN'S ECONOMIC DEVELOPMENT IN MORE EFFECTIVE AND RATIONAL MANNER.

7. GOS RESPONSES. MINISTER- LEVEL RESPONSES WERE AS FOLLOWS:

A. FONMIN MANSOUR KHALID APPRECIATED SUMMARY RECENT US AID ACTIVITIES AND NOTED HE LOOKING FORWARD IBRD CG MEETING. HOWEVER, HIS COMMENTS INDICATED HE REGARDS CG MEETING FOR ITS PLEDGING POTENTIAL RATHER THAN CONSULTATIVE ASPECTS. HE INTENDS REQUEST IRAN AND AUSTRALIA PARTICIPATE IN HOPE THEY MAY BECOME DONORS. HE DID NOT APPEAR PARTICULARLY INTERESTED IN GOS PRIORITIES OR DONOR CONSULTATION. (HE INQUIRED ABOUT USG RESPONSE TO REQUEST HE HAD PREVIOUSLY MADE FOR TECHNICAL ASSISTANCE FOR FONMIN IN TERMS OF LIBRARY MATERIALS AND GENERAL OFFICE EQUIPMENT INCLUDING COPIERS. CHARGE NOTED HE UNFAMILIAR WITH REQUEST, BUT IT WAS TYPE OF ASSISTANCE WHICH COULD BEST BE CONSIDERED AFTER ARRIVAL AAO IN TERMS USG ASSISTANCE PROGRAM, GOS PRIORITIES AND OVERALL DONOR POSSIBILITIES.)

B. MINPLANNING WOL LISTENED WITH OBVIOUS INTEREST SINCE COORDINATION ROLE IS PRECISELY THAT ORIGINALLY PLANNED FOR HIS MINISTRY AND IS COMPATIBLE HIS BACKGROUND AS TRAINED ECONOMIST. HE LAMENTED MINISTRY ONLY NEWLY ORGANIZED, LACKS ADEQUATE PLANNING STAFF AND IS BEING OUT- MANEUVERED IN THE POWER STRUGGLE BY OTHER ECONOMIC MINISTERS. HE RAISED NUMBER OF QUESTIONS CONCERNING HOW CG'S WORK, WHAT SORT OF GOS AND DONOR PLANNING CYCLES NEED BY CONSIDERED, METHODS OF DETERMINING PRIORITIES, ETC. CHARGE NOTED THESE KINDS OF QUESTIONS WERE PRECISELY TYPE THAT GOS NEEDS BY ASKING AND SUGGESTED HE DISCUSS THEM WITH GOS COLLEAGUES AND WITH IBRD.

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INFO OCT-01 ADP-00 AF-05 EB-05 IGA-02 INR-10 SS-07 L-03

EUR-06 NEA-05 ABF-01 CIAE-00 /104 W
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R 081130 Z MAY 73
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 6425

C O N F I D E N T I A L SECTION 2 OF 2 KHARTOUM 1030

AIDAC

C. MININFO OMER HAJ MUSA APPRECIATED REVIEW USG FY 73 ASSISTANCE. FOLLOWING RESUMPTION RELATIONS, GOS HAD NOT EXPECTED USG WOULD BE NUMBER ONE DONOR TO SOUTH. GOS HAD EXPECTED UK TO FILL THAT ROLE AND HAD BEEN DISAPPOINTED. HE STRESSED ECONOMIC TENSIONS ARE ONLY REAL EXISTING THREAT TO STABILITY NIMAIRI GOVERNMENT. HE PERSONALLY FELT CRITICAL TIME IN FOREIGN ASSISTANCE TERMS WAS THROUGH 1976. FOLLOWING THAT PERIOD, NUMBER OF PROJECTS SUCH AS PORT SUDAN/ KHARTOUM ROAD , TEXTILE PRODUCTION, FOREIGN INVESTMENT AND THE RAHAD SCHEME WOULD BE ON STREAM AND " WORST WOULD BE OVER." THE NEAR FUTURE, HOWEVER, WAS " CRITICAL" AND " ALL ATTENTION HAD TO BE FOCUSED ON GETTING OVER IT."

8. COMMENT: THESE CONVERSATIONS HAVE BUTTRESSED BY IMPRESSION THAT GOS IS PROCEEDING WITH MAXIMUM POSSIBLE SPEED TO PURSUE POLICY OF INITIATING THE GREATEST NUMBER OF FOREIGN ASSISTANCE COMMITMENTS AND PROJECTS (AS WELL AS FOREIGN INVESTMENT) IN THE SHORTEST POSSIBLE TIME. IF ANY DOUBT EXISTED, IT WAS REMOVED ON APR 26 WHEN COUNCIL MINISTERS ISSUED STATMENT AUTHORIZING INDIVIDUAL MINISTERS NEGOTIATE DIRECTLY WITH DONORS, INVESTORS AND FINANCIERS IN ORDER " HASTEN PACE DEVELOPMENT." GOS HAS THUS TAKEN FURTHER STEP IN LOOSENING WHATEVER DEGREE MINISTERIAL COORDINATION AND PRIORITY ALLOCATION PREVIOUSLY EXISTED. INCENTIVES PUSHING GOS ALONG THESE LINES ARE UNDERSTANDABLE (EVEN IN PART COMMENDABLE) AND INCLUDE (A) BELIEF VISIBLE ECONOMIC PROGRESS MUST BE SHOWN AS QUICKLY
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AS POSSIBLE IN ORDER PREVENT ECONOMIC DISCONTENT FROM BECOMING

THREAT TO REGIME, (B) BUREAUCRATIC FACT IT IS SIMPLY EASIER TO PROCEED AGGRESSIVELY-- LETTING CARDS FALL WHERE THEY MAY-- THEM PURSUE DRUDGERY OF ECONOMIC ANALYSIS AND CONFRONTATION POWERFUL MINISTERS EACH WITH HIS SPECIAL INTERESTS, AND (C) DESIRE AVOID LENGTHY INSTITUTIONALIZED (IBRD, USAID, ETC.) PROCEDURES WHICH SUDAN (AND OTHER LDC' S) OFTEN FIND FRUSTRATING.

9. GOS RECEIPT ASSISTANCE FROM VARIETY DONORS (WEST, EASTERN EUROPE, ARAB STATES AND PRC) MEANS DONOR CONSULTATION UNDER BEST OF CIRCUMSTANCES WILL BE ONLY PARTIAL AND GOS WILL CONTINUE HAVE FINANCING OPTIONS. IN SUCH CASES, GOS WILL, OF COURSE, PAY A PRICE EITHER IN MISALLOCATION RESOURCES TO DUBIOUS PROJECTS OR BY PAYING INFLATED COSTS (SOME RECENT ITALIAN AND YUGOSLAV LOANS ARE SUSPECT). GOS POLICY OF " FULL STEAM AHEAD" ALTHOUGH LAUDABLE IN CONCEPT CAN LEAD TO SITUATION IN WHICH (A) EXTERNAL FINANCIAL OBLIGATIONS (ALREADY SCARCE) INCREASE RAPIDLY, (B) MANAGEMENT AND TECHNICAL RESOURCES BECOME DILUTED AND OVER

STRAINED, (C) INCENTIVE FOR CORRUPTION BY COMPETING DONORS AND SUPPLIERS ARE MULTIPLIED AND (D) MOST IMPORTANTLY, GOS DEVELOPMENT IS ACTUALLY RETARDED BY DISTRIBUTION RESOURCES (INTERNAL AND EXTERNAL) AMONG PLETHORA OF PROJECTS WITH LITTLE OR NO CONSIDERATION OPPORTUNITY COSTS.

10. RECOMMENDATION: I BELIEVE OUR OVERALL AND LONG- TERM INTERESTS (AND THOSE OF THE SUDAN) WILL BE SERVED BY DOING WHATEVER PRACTICALLY CAN BE DONE (RECOGNIZING THE INHERENT LIMITATIONS) TO ALERT GOS TO THE SITUATION AND ENCOURAGE IT TO ESTABLISH PRIORITIES (BASED ON INVENTORIES PARA 5). THE JULY IBRD CG MEETING PROVIDES AN OPPORTUNITY FOR SUCH FOCUS. ACTION REQUESTED: UNLESS OTHERWISE INSTRUCTED, I INTEND CONTINUE SOUNDING OUT THIS THEME WITH SELECTED GOS OFFICIALS AS OCCASIONS PERMIT. DISCUSSION WITH VISITING IBRD MISSION INDICATES THEY SHARE SAME CONCERNS. IF DEPT / AID CONCUR, EXPRESSION TO IBRD WASHINGTON OF USG INTEREST WOULD SEEM APPROPRIATE.
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*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL
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PAGE 01 KHARTO 01030 01 OF 02 090622 Z

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INFO OCT-01 ADP-00 AF-05 EB-05 IGA-02 INR-10 SS-07 L-03

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R 081130 Z MAY 73
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FRITTS

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: <CONCATENATED>
Draft Date: 08 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KHARTO01030
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730538/aaaaifsx.tel
Line Count: 485
Locator: TEXT ON-LINE
Office: ACTION AID
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 14 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Jan-2002 by kelleyw0>; APPROVED <22 FEB 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971223
Subject: FOREIGN AID TO THE SUDAN: DONOR CONSULTATION AND GOS PRIORITIES
TAGS: EAID, SU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005